

**January 12, 2004**

**Notice of correction to 2003 Form ND-1, line 12:  
National Guard/Reserve member exclusion for federal active duty**

There is an error on the 2003 Form ND-1. The error is on line 12 of page 1 which pertains to the new compensation exclusion allowed to National Guard and U.S. armed forces reserve members who were called to federal active duty. The wording on line 12 states that the exclusion is for federal active duty service performed *outside North Dakota*. This is incorrect. The exclusion is allowed for federal active duty service regardless of where the service was performed.

The following shows where the error appears and the correction to it:

**Error on line 12 of 2003 Form ND-1:** On the face of the 2003 Form ND-1, line 12 reads as follows:

**12.** National Guard/Reserve member exclusion for  
federal active duty outside North Dakota..... **(NI) 12**

**Correction:** Line 12 of the 2003 Form ND-1 should read as follows:

**12.** National Guard/Reserve member exclusion for  
federal active duty ..... **(NI) 12**

***Note: The instruction for line 12 contained in the 2003 Form ND-1 instruction booklet was also changed to remove similar language limiting the exclusion to federal active duty service performed outside North Dakota.***

***Questions may be directed to:***

*Individual Income Tax Section  
Office of State Tax Commissioner  
600 East Boulevard Avenue, Dept. 127  
Bismarck, ND 58505-0599*

*Phone: 701-328-1032  
Fax: 701-328-1942  
E-mail: [individualtax@state.nd.us](mailto:individualtax@state.nd.us)*

January 7, 2004

## Notice to nonresident U.S. armed forces members: Change to 2003 Form ND-1

### Purpose of notice

On December 19, 2003, President Bush signed into law the Servicemembers Civil Relief Act (H.R. 100; Public Law No. 108-189). This federal legislation updated and expanded what has been known as the Soldiers' and Sailors' Civil Relief Act of 1940.

One of the new provisions in the Act provides that a state may not use the active duty military compensation of a nonresident servicemember to calculate the tax on other income of the nonresident servicemember or the servicemember's nonresident spouse that is sourced in the state if it causes an increase in the tax. For North Dakota individual income tax purposes, this provision in the Act affects the calculation of the tax on North Dakota Form ND-1 (Main Method). ***Note: The Act does not affect the calculation of the tax on Form ND-2, the Optional Method.***

### Adjustment to 2003 Form ND-1

Because the 2003 North Dakota Form ND-1 was already finalized and printed before the federal legislation was passed and signed into law, it does not take into account the change in the Act for nonresident servicemembers or their nonresident spouses. For purposes of completing the 2003 Form ND-1 only, the following special instructions apply:

- Write "Servicemembers Civil Relief Act" at the top of the 2003 Form ND-1.
- Enter active duty military compensation on line 5 of the 2003 Form ND-1 and write "nonresident military pay" on the dashed line to the left of the amount.

***Note:*** This line is normally reserved for interest from U.S. obligations. Therefore, if the individual also has interest from U.S. obligations, add the active duty military compensation to the interest from U.S. obligations and enter the total on line 5.

- If Schedule SF (Schedule for joint filers with different states of residence) is required to be completed, also enter the active duty military compensation on Schedule SF, Part 2, line 5, Column C.

### Have questions or need assistance?

If you have any questions about this notice or need assistance with preparing your 2003 North Dakota individual income tax return, contact the Individual Income Tax Section, North Dakota Office of State Tax Commissioner in any of the following ways:



E-mail us at **individualtax@state.nd.us**.



Call (701) 328-1032. If speech or hearing impaired, call 1-800-366-6888 (Relay North Dakota) and ask for 701-328-1032.



Write to Individual Income Tax Section, Office of State Tax Commissioner, 600 East Boulevard Avenue, Dept. 127, Bismarck, ND 58505-0599.

**ND-1 Individual income tax return 2003****Please type or print in black or blue ink. Enter one letter or number in each box. Fill in circles completely.**

Your Social Security Number

Spouse's Social Security Number

► Fill in only if applicable: Amended  
(See page 9) Extension

► **Fiscal year filer ONLY:** (See page 9)

Fiscal year begin date

**Month Day Year**  
Fiscal year end date

- A. Filing status used** on federal return: (Fill in only one)
- |   |  |
|---|--|
| 1. Single                                     | 4. Head of household                         |
| 2. Married filing jointly                     | 5. Qualifying widow(er) with dependent child |
| 3. Married filing separately<br>Spouse's name |  |

**Month Day Year**

Were you required to pay estimated federal income tax for 2003? (See page 9) Yes  
No

- B. Residency status:** (Fill in only one)
- |                          |  |   |
|--------------------------|--|---|
| 1. Full-year resident    | <b>C. School district code</b> (See page 17) | <b>D. Income source code</b> (See page 9) |
| 2. Full-year nonresident |  |   |
| 3. Part-year resident    |  |   |

Dept. use only: Composite return (CF)

US Dollars

**E. Federal adjusted gross income** from line 34 of Form 1040, line 21 of Form 1040A, line 4 of Form 1040EZ, or line I of TeleFile Tax Record (SX) E

**1. Federal taxable income** from line 40 of Form 1040, line 27 of Form 1040A, line 6 of Form 1040EZ, or line K of TeleFile Tax Record (If zero, see page 9 of instructions) (SS) 1

**Additions**

2. Lump-sum distribution from Federal Form 4972 (NA) 2
3. Loss from pass-through entity subject to North Dakota's financial institution tax (Attach statement from entity) (NB) 3
4. Add lines 1, 2 and 3 4

**Subtractions**

5. Interest from U.S. obligations (Attach supporting statement) (SN) 5
6. Net long-term capital gain exclusion (From worksheet on page 10 of instructions) (NC) 6
7. Exempt income of a Native American (S4) 7
8. Benefits received from U.S. Railroad Retirement Board (Attach copy of Form RRB-1099/RRB-1099-R, or both) (S5) 8
9. Income from pass-through entity subject to North Dakota's financial institution tax (Attach statement from entity) (S6) 9
10. Renaissance zone income exemption (Attach Schedule RZ) (S7) 10
11. New or expanding business income exemption (NH) 11
12. National Guard/Reserve member exclusion for federal active duty outside North Dakota (NI) 12
13. Total subtractions. Add lines 5 through 12 13

**14. North Dakota taxable income.** Subtract line 13 from line 4. If less than zero, enter 0 (ND) 14

- 15. Tax:** ● If **full-year resident**, enter amount from Tax Table on page 18 of instructions. If you have farm income, see page 11 of instructions. (SB) 15
- If **part-year resident** or **full-year nonresident**, enter amount from Schedule ND-1NR, line 22.

## Credits

## Refund

## Savings

**Tax Due**

**36.** Interest on underpaid estimated tax from Form 400-UT ----- (SO) 36

Tax Department use only

► Mail to: Office of State Tax Commissioner, 600 E. Boulevard Ave.,  
Dept. 127, Bismarck, ND 58505-0550